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HISTORY

OF THE

ALLEGED STATE DEBT

OF

RHODE-ISLAND.

BY WILKINS UPDIKE, ESQ.

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1918

The reader will observe in the following pages that
 in 1786, the State established a paper money Bank of £100,000, equal to \$333,000.
 That debts were paid in its bills to the amount of £78,879, equal to 262,930
 That £39,879, part of £78,879, were made in partial payments on notes remaining in the hands of holders, - - equal to 102,930

That £48,000, the residue of the £78,879, was paid in full on the state notes that were taken up, and the same were lodged in the Treasury as paid, and laid in the Treasury for the term of *five years*, viz: from 1786 to June 1791, before they were re-issued under the last mentioned act, - - - - - equal to 160,000
\$262,930

HISTORY.

Fellow Citizens.—There are petitions before the General Assembly asking for the payment of what is styled the STATE DEBT. The Legislature have been acted upon by various addresses and publications through the newspapers and in pamphlet form, urging upon that body the assumption of these antiquated claims, and for the issuing to the holders State scrip payable at certain periods with interest. As I have been charged by name in some of these publications, and referred to in a pamphlet as one of the opposers of their assumption or payment, it has become proper to give my reasons for the course I have taken, which I trust I shall be able conclusively to do.

I have been long convinced that the obscurity of the origin of these claims has been the only reason that they have gained any credit at all. We have talked of a "State Debt," we have called it a "State Debt," and the Legislature have been pressed by out-door influence or from political causes, and have made some partial appropriations to *buy them up*, and many people now believe that such a debt validly and legally exists against the State. But when it shall be made to appear, that the whole subject has been a fraud from beginning to end, a stupendous fraud by an unprincipled band of politicians, and has since been followed up by an unprincipled knot of speculators, stimulated by occasional appropriations, and who now are attempting to thrust their hands into the treasury as mere speculators instead of honest creditors; it is hoped that the Legislature will adopt the same course with these claims that they did with their twin brother, the CARRY BALANCES, by passing a quieting act and stopping forever further frauds upon the State. Recollect, the Carry balances was once passed through the House of Representatives, but rejected in the Senate.

At the close of the Revolution this State as well as the Continental government was deeply involved in debt. At the October session of the General Assembly in 1783. (after the treaty of Peace) the committee previously appointed by the legislature reported that the state debt amounted to £123,829, 15, 11, as near as they could ascertain, which was much enlarged af-

terwards. The creditors of the state became clamorous for payment. They projected a paper bank for the purpose, but the measure was vigorously opposed by the mercantile interest. In 1786 the people elected a Governor (Collins) and a legislature by an overwhelming majority in favor of a paper bank. In May of the same year, a Bank of Paper Money to the amount of £100,000 equal to \$333,000 was emitted, and made a tender by law. The great object of this emission was to pay the debts of the State.—The paper money party confident of the success of the measure brought in their notes and claims against the state, received the emission to the amount of £78,807, more than half of the debt in payment, and their notes were deposited and filed in the offices of the General Treasury as paid, and this paper money received in full discharge. Those who opposed the paper money Bank, styled the HARD MONEY PARTY, refused to bring in their notes, which they held against the State for revolutionary supplies and services as the PAPER MONEY party had done. The paper money men indignant at the conduct of their opponents, and to compel them to adopt their favorite measure, being dominant at the Legislature, in December, 1786, passed the following act.

It is voted and resolved. That the General Treasurer be and is hereby directed to pay to all persons holding notes against the state and orders issued by the General Treasurer on the Collectors of Imposts for the interest thereof, the one fourth part of the nominal sum of said notes or orders (if the said holders shall apply therefor) endorsing such payment thereof, and that said payment be made out of the money which has been or that may be paid into the treasury for state taxes or other state purposes."

In March following, it was enacted "That all persons holding public securities of the denomination aforesaid be directed to apply to the General Treasurer to receive five shillings on the pound, in part of every security held as aforesaid, within six weeks after the rising of the Assembly: That all persons neglecting and refusing to do the same, shall forfeit to and for the use of this state, the said fourth part of said

securities held as aforesaid; and that the interest arising upon the one fourth part of the aforesaid securities be stopped immediately after the rising of the Assembly."

At the June Session 1787, the second quarter—Oct. Session 1787, the third quarter, and at May sessions 1788, the fourth and last quarter of the state debt was ordered to be paid by acts of the like tenor with the first act, and all with the penalties that if not applied for and taken by the holders "of such state notes, the respective quarters to be forfeited to and for the use of the state and the holders forever precluded and barred from receiving the same."

The previous acts not having fully effected the intended object, at the October session 1788 the following preamble and resolutions were passed.

"Whereas it is the interest of this Assembly to discharge the domestic debt of this state as soon as it can conveniently be done without putting too great burthen upon the inhabitants thereof, and whereas in the present state of the Treasury a payment can be made unto the holders of the notes which carry an interest of six per cent, which were consolidated from the notes heretofore carrying an interest of four per centum per annum.

It is therefore voted and resolved. That the General Treasurer be and he is hereby directed to pay unto the holders of said notes carrying an interest of six per cent per annum, which were consolidated from the said notes carrying an interest of four per cent per annum, one quarter part of the principal and interest due on such notes and endorse the same on the back thereof."

And be it further enacted. That if any of the holders or possessors of the said notes shall refuse or neglect to carry the same into the General Treasury within two months after the rising of this Assembly and receive one quarter part of said notes, the same shall become forfeit and enure to the benefit of this state, and shall be forever thereafter excluded from receiving the same.

The General Assembly at their March Session, 1789, passed the following:

"Whereas, in the present state of the treasury, the whole of the State Debt as well that part of it which was upon interest, as that which is not, can now be fully paid." "And all persons are required on or before the 8th day of May next to make application to the General Treasurer for the payment of the same." "And if any holder, possessor or proprietor of such notes or orders shall refuse or neglect to apply for the same, and receive payment out of the General Treasury on or before the 8th day of May next, the said notes and orders shall become forfeit and enure to the benefit of this

State; and the holders, possessors or proprietors of such notes or orders shall forever thereafter be precluded from receiving the same."

Thus we see that the paper money party, having the political control of the State, had passed penal enactments of the severest kind to compel the creditors of the State who belonged to the hard money party to bring their notes into the treasury and receive the emission of 1786 in payment. From patriotic or party motives the paper money men had carried in their notes to the amount of £78,879, and had received payment in paper currency. But notwithstanding the penalties of forfeiture denounced against them, the hard money party still refused to carry in their notes in conformity to the penal acts, and receive the paper money of 1786. Thus stand the respective parties at the adoption of the Constitution in 1789. The one retained their original notes against the State for revolutionary supplies and services, and the other party, with patriotic ardor to uphold and support the paper money system, had received the emission of 1786 in payment. Now the State notes and orders to the amount of £78,897 were paid and extinguished by voluntary consent in paper money, and the State was no longer liable to that amount. But strange as it may appear, this dead debt was afterwards resuscitated by political legislation, but it was only revived to be presented as claims against the United States. The actors in the work never dreamed or intended this operation to create a liability on this State to pay them again, and to allay any apprehension of the kind they spoke in the proviso hereafter stated too intelligibly to be misunderstood, but the history of it has been so obscured by years, that by calling it the State Debt for half a century, it has almost become a hallowed term. Those who have known its invalidity, have purchased it for comparatively nothing, and have and are now endeavoring to defraud the honest yeomanry out of it, by giving it the cognomen of the State Debt. These gentlemen avoid going to its origin, they won't go back to its extinguishment or to its revival, but endeavor to prevent investigation being carried further back than 1795 and the appropriations since.

I will show that this now pretended debt arose from those claims once paid by the State in the paper money of 1786, that they were re-issued that the holders might obtain payment against the United States, with a *proviso* that they should never become a claim against this State in any event whatever.

One of the urgent causes for the adoption of the United States Constitution was that the claims of the States and individuals against the confederation should be assumed and chargeable upon the whole Union. This was a pro-

vision in the articles of the confederation, but the confederated Congress had only the power of requisition: the States retained the revenue power. The Constitution took the revenue power from the States and vested it in Congress, and one of the great arguments for its adoption, I say, was, that the whole Union should assume and pay the debts the States and the people had incurred to carry on the war.

The second Congress, in August, 1790, created a loan of £21,500,000 for the purpose of assuming a portion of the revolutionary debt of the several States. \$200,000 was assumed as the proportion of Rhode Island. A commissioner was appointed in each State to examine the evidences of debt and issue certificates in this United States stock.

Under this act the holders of the original States notes and orders, who had refused to take paper money for them, carried in their notes, which were allowed by the Commissioner of the United States, and he gave them certificates as entitled to the stock of \$200,000, pro rata. The paper money party had none in their hands, they had exchanged them for paper money and they were lodged in the State treasury *as paid*. They were unfortunately caught in their own trap; by penal laws they had attempted to force others to take paper money for their notes, which by depreciation had come to nothing, and by this measure they had placed *themselves* in a situation to receive *nothing* from the United States. The paper money party having surrendered their claims and having taken them in the paper emission, sought relief in legislation. That party being in power, with Gov. Fenner (the successor of Gov. Collins, through the popular influence of the paper bank) at the head, passed the following preamble and act in June 1791:—

“Whereas to facilitate the payment and discharge the said securities, (State notes) paper bills of credit were issued pursuant to an act of the Legislature of said State, passed at their May session, A. D. 1786, which the holders and proprietors of the said securities were required to receive, from time to time, in payment and discharge thereof, on the penalty of forfeiting the same, and many of the said holders and owners of said securities in compliance with the several acts of the Legislature before mentioned, received the said paper bills of credit for said securities or part thereof, when the same had greatly depreciated, which were endorsed on many of the said securities at different times, in quarterly payment of the nominal amount of said securities, some having received the whole nominal amount in the said bills of credit, while others not complying with the requisitions of the said

acts did not receive any part of their said securities in the said bills of credit; And whereas, at the second session of the Congress of the United States, begun and held at the city of New York on Monday, the 4th day of January, 1790, an act was passed on the 4th day of August in the same year, entitled “an act making provision for the debt of the United States,” it was provided that certain descriptions of the debts of the several States therein mentioned, within the purview and meaning whereof are the greater part of the before mentioned securities, required to be discharged by the said paper bills of this State as aforesaid, and the sum of \$200,000 was by the said act of Congress assumed to be paid by the United States, as part of the debt of this State required by the acts of this State to be paid by the said paper money bills as aforesaid, which said bills have gradually depreciated to the discount of 15 for 1, compared with gold and silver, at which rates they are finally to be discharged, agreeable to the act passed by the Legislature of this State in October, 1789, so that without the interposition of this General Assembly very great and manifest injustice will be done to those who received the said paper bills in a state greatly depreciated, for their said securities. Therefore that equal justice may be done as well to those who received the said paper money bills for their securities respectively, agreeable to requisitions of the laws of this State, as to those who did not comply with the said requisitions.”

“*Be it enacted, &c.*, That all the acts, laws and resolutions of the Legislature of this State, passed at different times between the first day of September, 1786, to the first day of January, 1790, requiring the holders and owners of the said securities to bring them in to the General Treasury, and to receive the said bills of credit in payment and discharge of the said securities, so far as the several acts, laws and resolutions declare and enact, that the said securities should become null and void and of no effect, in case the same should not be brought into the General Treasury, and the said bills received in discharge thereof, within certain limited periods, be and the same are hereby repealed: *Provided nevertheless*, and the aforesaid acts, laws and resolutions declaring said securities to be null and void and of no effect, are repealed on this express condition: that this State shall not, in any case or event whatever, be held or obliged to pay on any of the said securities, either the principal or interest thereof, on any other terms than those which are proposed to subscribers to the loan of State securities, agreeable to the act of Congress passed in August, 1790, entitled “an act making provision for the debt of the United States.”

And be it further enacted, That each and every person who delivered into the General Treasury any of the securities of this State dated prior to the first day of July, 1788, and which were lodged there, and the said bills of credit received thereon at any time between the first day of December, 1786, and first day of July, 1789, be and they are hereby authorized *** to receive from the said General Treasurer any or all of such securities to him, her or them respectively belonging, *** that thereupon it shall and may be lawful for such owner or proprietor of any such security or securities to receive the same, and to apply to the commissioner of the loan office in this State, and to have such part loaned and funded as shall remain undischarged or such securities as would have been received in the national loan office open in this State, if no acts of the Legislature of this State had been made for calling in and discharging the said securities by the paper money as aforesaid, on the same terms and conditions as any other of the said securities of the said State, whereof no part has been paid by the said paper money as aforesaid."

Now this is so plain that none can fail to understand it; that these notes which had *been paid* in paper money, and kept on file in the Treasurer's office, were to be redelivered to the original holders in order that they might present them to the United States Commissioner and obtain payment by subscription to U. States loan, in the same manner as the hard money party holders of State notes who had not exchanged them for paper money. And upon the express condition that this State should not in any case or event whatever be held or obliged to pay any of said notes or securities if they could not be subscribed to the United States loan—and if not obtained from the United States, never to be presented as a claim against this State.

The paper money party pleased themselves that this stratagem of legislation had removed all obstacles and that their friends were placed on an equal footing with those who had retained their original securities; in fact, that they had *dug out*. They received their original notes and claims from the Treasury, and presented them for assumption and subscription to the loan, but the United States commissioner for this State REJECTED them, as claims that had been paid, or as not coming within the purview of the acts of Congress; in that the *proviso* to the act, the State had exempted themselves from all responsibility to pay them, which by the act of Congress they were directed in the first place to assume before these notes would be paid by the Union, which I will more particularly state when I shall treat of the act of 1795, which authorized the issuing the notes now sought to be paid.

At the October session, 1791, Gov. Fenner, in a message to the Legislature, says: "The debt was wholly incurred during the late war with Great Britain, in the common defence of the nation. After peace took place, it was found by experience impracticable to discharge it in the ordinary mode of taxes, in gold and silver. Recourse was had to paper money. This was issued in 1786. The holders of the State securities were required to receive it, on the penalty of forfeiting the whole amount of their respective demands. Owing to the unalloyed divisions that prevailed, it suffered an unusual depreciation. But payments in the paper bills were made to nearly the amount of seventy-nine thousand pounds, and securities to the amount of about £48,000 were lodged in the General Treasury in consequence of the requisition of the Legislature for bringing them in for the paper money."

"In August last year the National Legislature assumed \$21,500,000 of the debt of the several States, including in the assumption \$200,000 of the debt of this State; and as the sum assumed is charged by the United States to the State from which it is assumed, if the Legislature had not have interposed, those who did not comply with the requisitions for receiving the paper money would have received the whole benefit of this assumption, and a realization of the greatest part of their securities, while those who did comply, would not only lose above five-sixths of their demands, but must have contributed their full proportion to the paying of the whole amount of the securities which had been confiscated as before mentioned. For the relief, therefore, of this numerous class of our fellow citizens, and in order that equal justice might be done, an act was passed at the last session, [as before stated] directing the General Treasurer to ascertain the specie value of the payments made by the State in paper money by a scale of depreciation, and to endorse the amount on the securities which had been lodged with him, and *on application to deliver them to the proprietor, in full expectation that those would have been assumable equally with those on which no part had been paid, or those on which only partial payments were made in paper money.*"

"But the commissioner of Loans in this State having refused to receive them in payment of the subscription to the Loan of two hundred thousand dollars, offered by Congress to those holding the securities of this State; and as there is a large surplusage of the securities against this State, even of those which were admitted as receivable more than the amount of the sum already assumed by Congress." &c. &c.

The message goes on to recommend a memorial to Congress respecting a further assumption

of the debts of this State ; and a memorial was accordingly presented.

In this situation stood these rejected notes *once paid* by the State until January 1795, when the final settlement between this State and the United States had been made. I will now proceed to show the nature of that settlement and its conclusion and bring it up to the same period in '95.

The articles of Confederation provided, "that all charges of war, and all other expenses that shall be incurred for the common defence or general welfare and allowed by the United States in Congress assembled, shall be defrayed out of the Common Treasury." "And no act of Congress has ever been passed under which any individual claims could have been settled without their first being assumed by Rhode Island. The ordinance of 1787, of the Continental Congress made ample provision for the settlement, if they had been thus assumed. So did the act of Congress of August 5th 1790, but those acts required, in the opinion of the Commissioners, all claims to be assumed by the State before they could be settled." The state was only the constituted agent by the articles of Confederation between the Union and its individual creditors, and the aggregate amount of expenditure by a state in the common cause whether more or less was to be borne by all the States collectively. Rhode Island kept a regular account against the United States for expenditures and at stated periods transmitted them to Congress and they were credited to us. They made large advances and charged them. For the purposes of a due settlement with Congress and at the instigation of the creditors of the State the General Assembly in Oct. 1790 passed the following act. "It is voted and resolved that Jonathan J. Hazard and John S. Dexter appointed Commissioners to settle and adjust the accounts of this State with the Commissioners of the United States, be authorized to receive from the Commissioners of this State, and from all other persons *whomsoever*, in whose possession they may be all such *books, vouchers, and other papers, as respects the claims of this state, or any town or individual thereof* against the United States, for damages sustained, advances made, services performed, or supplies furnished in the late war, *and for what it may be proper to lodge a claim* to the Commissioners of the United States, and that the said J. J. Hazard, and J. S. Dexter be directed to repair to the city of New York, or wheresoever the said Commissioners of the United States may set for the purpose aforesaid and there with the Commissioners of the United States to make such adjustment and settlement of the said accounts as they deem most conducive to justice and to the inter-

est of this State and citizens thereof." Afterwards the Secretary was directed to deliver to the respective *proprietors* all the certificates and other vouchers lodged with him by the commissioners for receiving claims against the United States. Henry Sherburne was appointed in the room of Mr. Dexter resigned with the same powers. The report of these Commissioners Oct. 1791 shows the great obstacles to the claims on which the State notes were granted. They say, that they had "endeavored by every means in our power to remove the objections that had been entered against the accounts of the State ; and answered in writing above one thousand of them. Many are the difficulties that attend our accounts, but none appears to us more injurious (as they are now stated) than a separation of the vouchers from the original settlements made with the committees of safety for very large sums of money." "And in divers instances we find our charges made more than once for the same articles, which have been discovered by the officers of the Union, who examined our accounts, and led them to suspect an injury was intended."

In May 1792 the Commissioners further say, "that we have completed the statement of the accounts against the United States contained in books No. 1, 2, and 3, which we now present to your Honors amounting with the interest thereon to \$5,215,845,87 and exhibited the same to the Commissioners of the United States, together with a fair, correct copy of the answers made by us to the *objections* that were entered against the accounts of the state.

"Upon an examination into the accounts we found a great deficiency of vouchers in support of the advances made by the State to the Union, in specie, old continental money, new emission money and indents which were paid by the General Treasurer and we were confirmed in the fact from the statements of the States accounts which we obtained from the Register of the Treasury of the United States ; by them it appears that we have credited on the books of the Treasury of the United States for several large sums of money we have paid to the Union, that we have no documents to prove." With a further claim that we presented, our account against the Union was \$5,693,495,40.

But owing to the loose manner in which our accounts are kept, want of vouchers &c. our claim was reduced to \$3,782,974,46, and on final settlement in June 1793, there was due to us from the United States the balance of \$299,711,00. In this statement our commissioners more than once acknowledge the "candor, impartiality and fairness of the Commissioners of the Union," and their disposition to make all just and equitable allowances.

Thus the state acting as agent between the Union and these creditors brought forward the claims of the State and of its citizens to be assumed by the Union, which upon investigation were found in part invalid for the want of proper evidence of consideration, for damages, services, supplies and the respective claims that were supported by proper vouchers were allowed in full or in part or were rejected.

We see then, that at January Session 1795 the final settlement with the United States having been completed and the Stock due transferred to this State, the United States Stock and other funds in the Treasury amounting to the sum \$420,000 were distributed by this State to the holders of these evidences of Debt against the State, viz :

Notes for depreciation of pay to officers and soldiers.

Do. for calling in and sinking paper bills of 1775—6.

Do. for redemption of paper bills of 1775 '6
Do. for calling in and sinking 4 per cent notes.

Do. for certificates of Charles Holden, Commissary of purchases.

Do. issued to creditors of Absentees.

Do. for paper money issued and sunk before the resolution.

Do. for calling in and sinking paper money emitted in 1780 funded on real estate.

Certificates of Jabez Bowen commissioner of Loans.

Treasury certificates.

Interest certificates.

Impost orders.

Invalid certificates.

How much of this sum the State appropriated to the payment of its debt, or how much they advanced to make up the sum of \$420,000 in addition to what was allowed on settlement with the United States, cannot now be precisely ascertained. But there having been no complaint upon this point at the time nor since, it must be presumed the State acted justly on the subject, and appropriated no more for the payment of her debts than she had contributed to the fund. Since that period she has appropriated some \$50,000 to buy up these securities, so that in equity nothing can be due at any rate on any such account. For the balance the Treasurer was directed to issue the following.

TREASURY OFFICE, 1795.

I hereby certify that there is due to A. B. or Bearer from the State of Rhode Island dollars cents, being a balance not provided for by the transfer of the funded and deferred stock of the United States, belonging to this State, agreeable to an act made and passed by the General Assembly of this State at their

January Session, 1795; which certificates by order of the said Assembly, are to carry an interest of four per cent. till paid.

H. S. Gen. Treasurer.

This note shows an agency upon the face of it, "*being for a balance not provided for by the funded and deferred stock of the U. States.*"—The note of 1795 contemplates a future liability in the U. States, not in R. Island.

You perceive that this act omits the proviso contained in the act of 1791 before mentioned, viz: that this State "should never be liable in any event whatever to pay the notes mentioned in it, if they could not be subscribed to the loan of the U. States. It was urged that a proviso similar to that contained in the act of 1790 should be inserted in this act in order to protect the State from future liability in any event, but it was contended on the other hand, that if such a proviso was inserted it would effectually defeat the purpose contemplated by the act of Congress; that the Legislature must first settle with the claimant and assume the debt by its own note before the Union would pay it; that if the securities were based on the proviso of 1791 or any similar condition, the U. States would reject them in the same manner as they had the notes under the act of 1791, and that the condition in that act was the cause of the rejection of them by them U. States Commissioner for this State. That no injury could arise to the State, that they would be useless to the holders against the State, that her resources were inadequate for payment of the reported amount of \$144,000 and which amount was constantly enlarging and did finally amount to near \$200,000, when our former ability for payment had been vested in Congress. The plausibility of this reasoning prevailed and the proviso was rejected under the impression that its insertion would be a fatal objection by the United States to the assumption of the notes issued under it, when further provision should be made by the Union for paying the debts of the revolution. Old men are now living who entertained the apprehension which is now realizing, that notwithstanding the assurances given, a period might arise, when the actors of that day would be swept away by time, and that an attempt like the present would be made to enforce the payment of the notes given under this act. The very fact of vesting a discretionary power in the General Treasurer to liquidate and adjust all claims against the State (embracing the rejected notes) without the intervention of a Committee of their own body or some other tribunal, to ascertain the just amount due is an unquestionable deduction, that they never dreamed of any future liability to their constituents. The looseness of the manner and the neglect of cautiona-

ry supervision is a conclusive demonstration that the people felt perfectly secure from a liability resulting in direct taxation to pay them. The honest servants of the yeomanry never anticipated that vultures of a future day would gyrate over our little territory to gorge themselves on the fetid carcass of this State debt, and as evidence of the honesty of these conception that the first appropriation that was made by lobby influence was not to pay but to buy up these repudiated securities at a nominal price. Where is the man or the petition, I ask, which prayed or demanded their full payment? as the whole subject and its circumstances were fresh at this early period, a payment in full would have been demanded, not a mere *sop* to quiet clamor against the latches of legislative uncaution in not inserting the same proviso in his act as was contained in the act of 1791. It was expected by this State that further provision, would be made by the United States to assume the claims of the State and the people, in a manner more liberal than the former. The papers of the day advocated such a loan, the States and members of Congress pressed it, and various acts of our legislature shows that they anticipated and acted on that presumption. Henry Sherburne in March 1784, (after the final settlement) represented to the General Assembly, that there were bills outstanding and not consolidated according to the former act of 1782 and that new notes might be given. "So that the holders of said notes" he continues "may be enabled to subscribe them to a new Loan, which may be opened to provide for the remainder of the debt of this State." "As the sum outstanding is small, the holders of said bills will be subject to injury, if a new Loan should be opened by not having it in their power to subscribe to the same," No one knew better than Col. Sherburne the history of this debt and the notes on which it is founded.

In the report to the Assembly he states explicitly that the old notes ought to be renewed, and they were so, that they might be subscribed to a new loan to be opened, and there is not an intimation or opinion that they ever would or should constitute claims against the State; yet given in the *form* of notes by the state and were by the act of the Assembly put on the same footing as the other notes given by the State, but only in contemplation of a United States Loan. This written opinion of Col. Sherburne and the distinct statement of the grounds on which these notes were renewed by one who was a long time an intelligent actor in the revolution and a long time Treasurer of the state, is worth all and more than all the wholesale clamor of those interested speculators who if they could, would get their *long fingers* into the Treasury at the expense of our credulity, and eat, drink and ride upon the plunder.

In contemplation of a further Loan the General Assembly in October 1795 requested "the representations of this State in Congress to take such measures as they may find expedient to procure from the board of Commissioners, who settled the account of this State with the United States, or from any office where they may be deposited, the *disallowed claims of the individuals of this state against the United States*, and when procured to restore them to the original claimants. After the adoption of the Constitution great zeal was manifested to obtain pay from the United States, the revenue power was vested in Congress, all the resources of payment by the States was taken away by the Constitution, and all the power left to the States to support themselves was dry taxation. The United States could pay, the States could not, and we see that all the individuals of the State presented their claims against the United States, and those defeated in obtaining pay out of the first loan, looked to another of a more liberal character. The act of 1797, was passed for this purpose, but never to recognise them as against the State. For if it had been breathed, that the people of the State were to be ever liable, a stricter scrutiny into their validity, would have been adopted, and no legislature would have dared to have created demands with such delirious extravagance.

By the following act passed in June 1797 it was enacted :

"That the holders of the notes and securities issued by the state, for services and supplies during the late war with Great Britain, included in the several description of notes and securities in the act passed at the Session held in January 1795, and in the act in addition thereto passed at the session held in May 1795, for the transferring the debt due from the United States to this State and which have not been liquidated and exchanged, agreeable to the provisions of said acts, be and they are hereby authorized and permitted, at any time before the first day of January 1798, to carry the said notes and securities into the General Treasury. And the General Treasurer be and he is hereby empowered and required to liquidate and adjust such demands and give new securities for the amount thereof, upon the principles of said acts, to carry an interest thereon at the rate of four per cent per annum from the first day of January 1795."

Two years interest was to be endorsed by the treasurer from 1795 to 1797 by certificates payable in taxes.

Under this act all the notes issued by the State that arose out of the revolutionary war, (which included the rejected securities) those by special act of Assembly or otherwise, were

brought into the treasury, with the unlimited direction for the General Treasurer "to liquidate and adjust such demands and to give new securities for the amount thereof," with no committee to adjudge or inspect whether they were supported by proper vouchers or any at all. This wholesale Legislation to create a debt is unaccountable except upon the principle that these notes thus issued were like those rejected given to be subscribed to the new Loan contemplated to be opened as stated by Col. Sherburne.

The acts for issuing these notes were extended by the legislature to May 1799.

In 1800 the Treasurer reported that notes under these acts had been issued to the enormous amount of \$144,709,40, which is in addition to the \$620,000 received from Congress and paid out.

Now I have conclusively shown that these notes are neither a legal nor an equitable claim against the State. The creditors at the time knew that their demands were claims against the Union only, that the State was the mercant in the common cause. That after the adoption of the Constitution this State had not the means of payment—that the amount of five millions upon this State was entirely worthless—that Congress was rich in resources and amply able; and what was rejected as having been paid in the paper of the State and for want of vouchers and evidences of legal and equitable allowance by the board of commissioners of the United States *now constitute the present State Debt of this State*. This is demonstration as strong as proof need to be, and that they looked to Congress and not to this State, and that the act of 1795 and 1797 on which these notes are founded, evidently contemplated a new loan, from the United States to pay them. But unfortunately the United States passed a limitation act, and although several efforts have been made to procure a suspension of it, that further claims might be brought in, they have been ineffectual, except in the cases of Virginia and New Jersey. And now after a lapse of 50 or 60 years, when its history and origin are lost, and all the actors of the day have passed away by two or three generations, the speculators who have bought them as dishonored paper for a mere song, are pressing them for payment, because they are merely in the shape of notes.

It is urged that the States have made partial appropriations to buy them up, it is true that out door pressure and party politics have been made to act upon the legislature, and occasionally partial appropriations have been made when the treasury was full to buy them up. But they have in many instances been refused, and by the nature of the appropriations they have been treated by the legislature as dishonored notes and have uniformly

refused to assume them as valid. If they had have acknowledged them as valid, they would have paid them in full.

The appropriations does not constitute an acknowledgement of the debt. Taking into consideration the character and the mode in which they were made, they do not effect an acknowledgement. It was a purchase at the request of the holders of invalid and worthless paper at a nominal price. If the State had ever acknowledged the debt a legal and subsisting one, the amount appropriated would have been applied to pay the principal and interest, or interest only on the whole claim as far as it would go. In this case the holders themselves solicited the appropriations to purchase their own paper at a repudiated price. If it was an acknowledgment at all, it was an acknowledgment of the debt as a repudiated, a spurious one and not as valid.

Let us see how the matter has been managed, these claims has ever been treated by the State as dishonored and repudiated notes, for which the United States was liable not this State but the State had given its notes. In this state of dishonor they have been sold by the original holders for almost nothing to speculators of influence; others have been bought at administrators sales* and of storekeepers and traders who took them in store pay for a mere trifle. After these speculators had become possessed of a sufficient amount, the legislature through the political combinations of influential men have been pressed to make an appropriation and they have speculated upon the State as they had upon the sellers. They never asked for their assumption or payment in full, only an appropriation.

The late Charles Lippitt, one of the present applicants, has figured in former appropriation as a speculator to the amount of \$2590,71

Asher Robins,	5148,53
James Burrill	867,39
Wm. T. Miller,	2841,17
J. C. Jones,	3200,25
A. & S. Dexter,	3478,60

Gov. Wilcox and others, none probably original holders.

To prove that these claims were mostly in the hands of speculators and but few in the hands of original grantees, I copy the report to the legislature of the Commissioners to buy them up in 1811.

*SIR:—In answer to enquiry, I state that as Administrator on the estate of Mnason Allen, deceased, I caused to be sold at auction, by Mr. A. B. Dike, in September, 1845, a Rhode Island State certificate, No. 279, for \$31 7¹/₂, and interest at 4 per cent, dated February 1802—two years interest paid—Mr. Richard J. Arnold was the purchaser, for the sum of \$6 25.

WILLIAM SHELDON.
The note and interest from 1797, amounts to \$94, and more, which was bought for \$6 25—if the whole is paid, what per cent would Mr. Arnold make?

Creditors.	Amt. of certificate	%	Rate	Net amt. paid.	To whom originally issued.
W Carpenter	\$32 31	60		19 38	W Carpenter
D I. Barnes	79 89	60		46 13	Benjamin Gray
Do	362 84	60		217 71	John's Wheeler
Do	151 31	60		90 80	John Coates
Do	181 85	60		109 11	do
Do	20 67	60		12 40	George Watson
Do	57 89	60		34 74	R T Paine
Do	23 82	60		14 29	Joseph Jenckes
Do	27 49	60		16 50	Do
Do	8349 75	60		5009 82	John Peck
Do	216 11	60		129 67	John Parker
Do	237 49	60		142 44	Jabez Bowen
Do	138 40	60		83 04	Sylvester Fuller
Do	359 88	60		215 93	R Waterman
Do	198 99	60		119 40	Archibald Cray
Do	325 09	60		195 06	Fredk Cray
John DeWolf	60 36	60		36 00	Jer'h Ingraham
Moses Cooper	45 97	60		30 00	Moses Cooper
Benj. Hadwin	40 04	60		27 62	John Hadwin
M Rhodes & Co	97 31	60		68 11	Wm Battey
T Arnold, Treas	104 10	60		72 87	John Wiclies
of Warwick	333 10	60		247 17	Wm Greene
T Arnold (S B)	13 08	60		9 15	Thos Arnold
Do	3 04	60		5 62	Jona'n Gorton
Do	76 00	60		53 20	Sammel Gorton
Do	108 47	60		75 92	Benj Howland
John L. Ross	67 90	60		47 53	Joseph Ross, Sen
Job B Clarke	128 36	60		89 85	Jona'n Wells
A Allen	48 59	60		31 01	Benj Allen
W Channing	25 55	72		18 39	Gibbs & Channing
Do	77 83	50		56 03	Lucy Channing
Do	690 67	50		497 28	S Tillinghast
Do	408 73	50		294 28	Wm Wetmore
C Fowler	80 18	50		57 72	Wm Tanner
B Remington	158 84	72½		115 15	T Remington
Caleb Hall	77 17	72½		55 98	Preserved Hall
G C Hazard	676 48	72½		490 44	Geo C Hazard
W Browning	9 05	72½		6 00	Peter Phillips
A Wilkinson	95 89	73		70 00	Daniel Bartlett
Asa Ames	22 59	73		16 49	Rob't Brattle
S Kinnicut	19 07	73		14 00	Philip Gardner
Almy Greene	11 10	74		8 21	Almy Greene
Elizabeth Greene	30 44	74		22 52	Eliza'h Greene
Jonathan Bowen	1076 62	74		793 73	John Bowers
Jacob Burrill, Jr	72 20	74		53 42	Gid'n Sprague
H Peckham	10 91	74		8 07	Joseph Olney
Stephen Sprague	12 87	74		9 52	Stephen Sprague
N Searle Jr	87 78	74		64 96	Nath'l Fales
	15555 58			9905 62	

Averaging about 63 cts. paid on the dollar.

In this schedule there were only eight original holders of this stock thirty-three years ago, to the small amount of \$983 56. Observe, also, who held these notes as purchasers and speculators, viz. Messrs. Barnes, Gibbs & Channing, DeWolfe, Fowler, Hazard, Bowen, Burrill, Searle, &c., the leading men in the politics of the State, whose combined influence could change the political complexion of the State. The amount brought in was \$15,555 58, which, with 4 per cent. interest from 1797, made \$18,666 69. They gladly took 63 cents on the face of the securities and threw away the interest, although the appropriation was procured by their influence. They probably on this speculation made 200 per cent., for they bought them as repudiated notes at a repudiation price, and sold them voluntarily to the State as repudiated. If they had been paid what they cost, it was all that they could in equity or justice

have expected or demanded. No more could have been recovered for worthless old Gloucester Bank bills. The previous speculators had been so successful in this plundering process, that the present petitioners have tried their hands at the game, but, with less modesty, demand the whole principal and interest, and for the modest reason, too, that their value has increased by age, that their history is lost in the obscurity of time.

Some of these interested speculators and agents of speculators, are very much alarmed respecting the dishonor of State repudiation. If the debt is not due, nor ever was, the alarm is needless; repudiation is the refusal to pay an honest acknowledged debt, not when none was never acknowledged to be justly due. It is no more repudiation than defending against a spurious note or a demand without legal consideration. But what have these speculators to complain of on this subject? The sympathy, if any, is for the honest holder who has suffered a loss, not for the purchaser of repudiated paper. It cannot thus be transferred. You bought them as repudiated, and as you knew of their dishonor, you can claim no sympathy. You are entitled to no relief, and all that equity could afford would be to repay what you paid, and that, too, only upon showing your ignorance of their disgrace. More fear is to be entertained that, by saddling an unjust debt upon the people which our predecessors rejected 50 years ago, a repudiation party will be created. The State ought not to be mortgaged upon a doubtful or antiquated claim without their direct consent.

Why has not this old sixty years' debt been pressed for assumption before? None have been bold enough to demand its assumption before now, (and races of legislators have passed off in sixty years,) if so, when and where all the petitions. Some of the present petitioners for the payment of this debt have been members of the Legislature, and were so for many years; and why did they not press it then? The late Charles Lippit, one of the signers of the pending petition, was an influential member for divers years, Mr. Richmond, the father of the Doctor, and Tristram Burges, were members, and influential members, and where, I beg, are their resolutions or speeches for the payment of this debt? There have been many members who held these notes, and have they ever urged them?

Mr. Burges' opinion of this debt in 1833, was very different from what it is now. He then entertained painful apprehensions that this fraudulent State debt would be saddled upon the honest men of Rhode Island. In

that year he published, in pamphlet form, an "Address of a Farmer to the honest men of all parties in the State of Rhode Island." It was published to defeat the election of John Brown Francis, then a candidate for the office of Governor.

After charging Messrs. Francis, Potter and Sprague with all sorts of dishonorable combinations, and in order to show that Mr. Francis had some dishonorable object in view in coming forward as a candidate for Governor, he says, "He abounds in houses, in lands, in money and in stocks. What does he want more? Let me tell you, he wants cash for his stocks of a certain kind. You have heard of the Rhode Island State debt." He then proceeds to quote a long article from a pamphlet, styled "Hints to Farmers," giving a short history of this debt, and plainly making it out a fraudulent claim, which he attributes to the late E. R. Potter; and after quoting it without any dissent to its correctness, he proceeds, "John Brown, grandfather to Mr. Francis, speculated largely in these securities, and Mr. Francis has become entitled to a large amount of these stocks. E. R. Potter and those whom he personally represented, did also speculate in these stocks, and he is said at this time, to hold a good amount of this State debt. Old Gen. Thurston, of Hopkinton, was in the same way, a great holder of this debt, which is now holden by his heirs."

"What of all this, you will say; what if John Brown Francis, E. R. Potter, and the heirs of Gen. Thurston do hold twenty or thirty thousand dollars of this State debt? Does William Sprague own any of it? It would be easy to make him owner of it; and then, yes; and then, what? Why would it not be very easy, when E. R. Potter and the anti-masons, with John Brown Francis for Governor, hold the power of the State; it will be very easy to get a law passed to tax you and me to pay Francis, Potter, and Gen. Thurston's heirs, and Bill Sprague the amount of their claims against the State. These men do not hate money; nay, Potter, though ambitious at Cæsar, is as avaricious as Shylock."

"What could bring such a man into a political union and brotherhood with William

†Mr. Burgess has in several publications and speeches attributed this pamphlet to Mr. Potter, thereby endeavoring to show an inconsistency in Mr. Potter, between the statements in the pamphlet, and his proceedings as a member of the Legislature. It is well known to many persons, that Mr. Potter had nothing to do either with the preparation or publication of this pamphlet.

Sprague? Nothing but the hope of receiving money by it. The hope of getting his Rhode Island State debt paid off, and thus adding fifteen or twenty thousand dollars more to his already enormous estate. This would be a fine salary for a Rhode Island Governor; and we, my fellow-citizens, must pay it."

We now see Mr. Burgess' opinion, a holder of this stock himself, deprecating the election of a prox that he feared (in behalf of the electors) would pay this debt. If it was wrong to pay them then, it must be so now. The nature of the debt has not changed, but the opinions of some men have. If Mr. Burgess would never advocate the payment of this debt when a representative in the Legislature, and afterwards wrote a pamphlet against the election of men whom he anticipated might be favorable to such a measure, what is such a man's opinion worth in favor of its payment now.

Neither Messrs. Potter, Francis, nor Sprague owned a dollar of this State debt, nor ever were in favor of its assumption. This was a charge made by Mr. Burgess against them for political effect. If it was a moral wrong to assume or pay this debt in 1833, Mr. Burgess did right to oppose the election of Mr. Francis on that ground, but if it was right and just that it should be assumed, Mr. Burgess did morally wrong in opposing him, and in exciting the feelings of the people against him, especially on that account. It must be that Mr. Burgess owned none of the stock then, and was honest in his opposition, or that he does own it now, and is interested in the advocacy of its assumption.

I have thus, fellow-citizens, traced the origin and progress of this pretended State debt, and in doing so, have, I trust, shown that it is invalid as a legal or equitable claim against us. It has been a speculating concern in rejected paper from the beginning to the present time, and that even the holders of it have treated it as a worthless claim, and have sold it as such. I now leave the subject for your inquiry and consideration. It is an important question. If the present claims are paid, both principal and interest, we shall have immediate applications from former holders, who have taken less than the face of their notes, to make up the deficiency, which in equity we should be bound to do, and thus a debt of a half a million of dollars will be saddled on the tax paying citizens of the State.

WILKINS UPDIKE.

Kingston, R. I., Dec. 16, 1846.

